

**REMARKS/ARGUMENTS**

Applicants respectfully request reconsideration of this application as amended.

The outstanding Office Action rejects claims 1-4, 7-15, 18-27, 29-34 and 47-60 under 35 U.S.C. 103(a) in view of Wall (previously cited) and Balfanz (newly cited).

The Office Action concedes that Wall “fails to specifically disclose the key device in communication with and physically separate from the computational component, the key containing a location module for determining wirelessly geographic location relative to a selected coordinate system.” However the Office relies on Balfanz for this teaching specifically pointing to a “key device” (612, 614, 616) and a “computational component” (610) with reference to Figure 11 of Balfanz. Additionally, the Examiner admits that Wall fails to teach or suggest the use of an external dongle containing a location (e.g., GPS) module in license verification (claims 1, 12, and 23) and Applicants respectfully submit the cited art fails to teach that the dongle must be “local” to the licensed computational component to prevent remote use of the dongle within the permitted geographic parameters (as part of a distributed processing network) to license a component located outside the permitted geographic parameters (claim 23).

Applicants wholeheartedly agree with the Examiner’s position regarding the deficiencies of Wall. However, Applicants also steadfastly assert that Balfanz fails to overcome these deficiencies.

Balfanz is directed to pre-authentication information of devices is used to securely authenticate arbitrary peer-to-peer ad-hoc interactions. In one embodiment, public key cryptography is used in the main wireless link with location-limited channels being initially used to pre-authenticate devices. Use of public keys in the pre-authenticate data allows for the broadening of types of media suitable for use as location-limited channels to include, for example, audio and infrared. Also, it allows a range of key exchange protocols which can be authenticated in this manner to include most public-key-protocols. As a result, a large range of devices, protocols can be used in various applications. Further, an eavesdropper is forced to

mount an active attack on the location-limited channel itself in order to access an ad-hoc exchange. However, this results in the discovery of the eavesdropper.

Balfanz does not disclose a dongle or a key device.

Rather Balfor discusses in relation to Figs. 9 and 11 a plurality of wireless devices 612, 614, 616, 622, 624, and 626 and a wireless device designated to act as the group manager 610. The wireless devices do not require pre-authentication to be enabled. They simply require pre-authentication to be able to communicate specific types of information to one another. The devices thus cannot be considered to be key devices for enabling or disabling another of the devices.

Balfanz also does not disclose a location module in the wireless devices.

Rather, a location-limited channel having a known limited range is employed. If the wireless devices are able to communicate over the channel, their relative physical locations may be approximated. If the devices are unable to communicate over the channel, their relative physical locations are known to be outside of the effective range of the channel. Regarding the location-limited channel, Belfanz states:

[0041] In various exemplary embodiments, the location-limited channel receiver/transmitter 442 is separate from the main wireless link receiver/transmitter 444. In various exemplary embodiments, a suitable location-limited channel receiver/transmitter 442 has at least two properties in order to send and receive pre-authentication information of the wireless devices. The first such property is a demonstrative property. *A suitable location-limited channel receiver/transmitter 442 has physical limitations in its transmissions. For example, sound, whether in the audible and/or in the ultrasonic range, which has a limited transmission range and broadcast characteristics, may be used as a location-limited channel for a group of wireless devices. For point-to-point communication, such as between two wireless devices, a location-limited channel with directionality, such as an infra-red channel may be used. The demonstrative property allows for communication across a location-limited channel to "name" a target device or group of devices based on the physical relationships between the devices and the limited locations accessible through the location-limited channel.*

(Emphasis supplied.)

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The elements of Balfanz relied upon for the teaching of a key device (612, 614, 616) and computation component (610) are not and can not be equated to the claimed key device and computational component. Specifically, and with reference to paragraphs 67 and 68 of Balfanz, elements 612, 614, 616 are “legitimate participants” and element 610 is a “group manager.” Not only do these elements have no correlation whatsoever to the claimed key elements and computation component but they also do not function as the claimed elements.

Thus, there is absolutely no teaching, suggestion or disclosure in Balfanz of the elements admittedly missing from Wall, and the independent claims are patentably distinguishable from the relied upon references.

The dependent claims provide further reasons for allowance.

By way of nonlimiting example, dependent Claims 7, 18, and 29 require a licensing validation agent in the computational component to determine whether the key device is in communication with the computational component; when the key device is not in communication with the computational component, to determine that the computational component is not validly licensed; and, when the key device is in communication with the computational component, to determine that the computational component is validly licensed.

Dependent Claims 8, 19, and 30 require a permitted use to be defined by a license and the further steps of the licensing validation agent in the computational component authenticating the key device; and when the key device is not authenticated successfully, the licensing validation agent in the computational component determining that the computational component is not validly licensed. Wall fails to teach authentication of an external locating device, such as a dongle, using a unique identifier.

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Based upon the foregoing, Applicants believe that all pending claims are in condition for allowance and such disposition is respectfully requested. In the event that a telephone conversation would further prosecute and/or expedite allowance, the Examiner is invited to contact the undersigned.

Respectfully submitted,

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